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RESEARCH 2-6

20 MAR 1953

MEMORANDUM FOR: Assistant Director for Intelligence and Services
Office of International Trade
Department of Commerce

SUBJECT: The Impact of Shipping Controls on Western Europe
and the Soviet Bloc (EIC-R-8)

1. I refer to your memorandum of 6 March 1953, to Mr. Robert Amory, Jr., concerning the status of the EIC study of the Impact of Shipping Controls on the Soviet Bloc and Western Europe. I am replying in Mr. Amory's stead since he has assumed new responsibilities, and I have replaced him as the Chairman of the Economic Intelligence Committee.

2. We share your impatience with the delay in completing this study. It was in order to bring it to an early conclusion that the Transportation Subcommittee, at its meeting of 5 December 1952, authorized its Chairman, [REDACTED] to confer with the Secretary of the EIC and with individual members of the EIC. As a result of [REDACTED] inquiry, the status of the study was considered informally at the EIC meeting of 22 January 1953. The EIC agreed that the study should be brought to a close on the basis of the research already accomplished, and that the political section should be removed from the body of the paper. It was further agreed that the State Department contribution on the political aspects of the impact problem was to be attached as a non-agreed annex and clearly labeled as representing only the views of the State Department.

3. The facts available to the EIC when it made its recommendation concerning the disposition of the impact study were as follows:

a. The study had served its purpose in providing the intelligence offices and EDAC working groups with important information on shipping controls.

b. Much of the data in all economic sections of the paper were out of date, and it was not considered worthwhile to use the paper as a vehicle for further revision.

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c. The draft contribution by the State Department was incomplete and bordered closely on the policy, as distinguished from economic intelligence, aspects of the problem.

d. The policy issues involved in the shipping control problem were being actively reviewed by the Cargo Transport Working Group of EDAC, which seemed to provide the proper forum for review of the respective agency positions.

4. The action of the main committee of the EIC on this matter constitutes a directive to the Transportation Subcommittee but by no means excludes the Subcommittee members from reviewing the recommendation and submitting alternative proposals to the EIC in light of circumstances which may have been overlooked by the EIC. I am informed that the Transportation Subcommittee will review the main committee action, and I assume that the Commerce representative will make his views known at this meeting. I also have asked [redacted] to be sure to inform you of the next meeting of the main committee of the EIC, which will also review the status of this report.

5. I fully appreciate the Department of Commerce's concern with this problem, both in its role as a contributor to the impact study and as an agency charged with responsibilities for the administration of trade controls. Should there be further questions concerning the status of the study, I or my representatives will be glad to discuss them with you. In the meantime, I look forward to meeting you at the next meeting of the EIC.

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Otto E. Guthe
Chairman
Economic Intelligence Committee

EIC/S/RR:MJW:bs
13 March 1953

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